

Message Text

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ACTION ARA-10

INFO OCT-01 IO-10 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 8501

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E.O. 11652: N/A

TAGS: TRD, MX

SUBJECT: COUNTERVAILING DUTY CASES FOR MEXICO

1. WE UNDERSTAND THAT PURSUANT TO CHANGES IN COUNTERVAILING DUTIES LAW OCCASIONED BY PARAGRAPH B84) OF SECTION 303 OF THE TRA, THE SECRETARY OF TREASURY INTENDS TO ANNOUNCE ABOUT JULY 5 PRELIMINARY FINDINGS OF COUNTERVAILING DUTY CASES FOR STAINLESS STEEL AND ASPARAGUS FROM MEXICO. WE ARE CONCERNED THAT THESE COUNTERVAILING DUTY CASES MAY BE TAKEN AS INDICATION OF RESTRICTIVE EFFECT OF TRADE REFORM ACT. AT POLITICAL LEVEL, MEXICAN GOVERNMENT MIGHT NOT BE ADVERSE TO HAVING TREASURY ANNOUNCE ACTIONS WHICH COULD BE INTERPRETED AS SUPPORT FOR MEXICO'S PREVIOUS CRITICISM OF TRA OR WHICH COULD BE INTERPRETED AS ANTI-LDC.

2. WE REGRET THAT NEW PROVISIONS OF TRA APPARENTLY PROVIDE LITTLE DISCRETION IN THESE MATTERS, AND PARTICULARLY SO SINCE IT IS OUR DISTINCT IMPRESSION THAT PRESENT COMPLAINTS ARE WITHOUT MERIT. WE HAVE BEEN INFORMALLY ASSURED BY GOM THAT THERE IS LITTLE OR NO SUBSIDY EFFECT IN REIMBURSE-

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MENT OF TAXES ON EITHER STEEL OR ASPARAGUS AND IF THERE

IS SOME MINOR EFFECT GOM WOULD READILY ADJUST TAX REIMBURSE-
ENT.

3. U.S. MANAGER OF DEL MONTE TELLS US THAT THERE IS
DEFINITELY NO SUBSIDY ON ASPARAGUS. THERE HAS BEEN
SOMETHING OF A BUREAUCRATIC PROBLEM IN OBTAINING INFORMATION
ON ASPARAGUS SINCE DEL MONTE INSISTED ON FORMAL WRITTEN
REQUESTS THROUGH MEXICAN GOVERNMENT. GOM HAS HAD INFORMATION
FOR 6-8 WEEKS BUT HAS SOME PROBLEM IN PROCESSING IT AND
PASSING IT ON TO US.

4. IT IS ALSO OUR IMPRESSION THAT NECESSARY INFORMATION
TO ANSWER CHARGES FOR STAINLESS STEEL HAS BEEN PROVIDED,
AND THAT U.S. OFFICIALS HAVE FOUND NO BASIS FOR ACTION.

5. EMBASSY WOULD BE INTERESTED IN KNOWING (1) ORIGINS
OF THIS COUNTERVAILING DUTY ACTION, PARTICULARLY ASPARAGUS
CASE AND (2) IMMEDIATE STATUS OF BOTH CASES, I.E., WHAT
WILL BE CONTENT OF JULY 5 ANNOUNCEMENT?

6. EMBASSY ALSO URGES CAREFUL WORDING OF ANNOUNCEMENT
SO AS TO MINIMIZE POSSIBLE DAMAGE TO U. S.-MEXICAN RELATIONS.
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